

**SANTEE-LYNCHES REGIONAL
COUNCIL OF GOVERNMENTS**

**FINANCIAL AND
COMPLIANCE REPORT**

JUNE 30, 2023

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Santee-Lynches Regional Council of Governments
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Santee-Lynches Regional Council of Governments (the "Council"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Santee-Lynches Regional Council of Governments' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in note 1, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA's), as of July 1, 2022. This standard did not significantly change the accounting for the Council's SBITA's. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Santee-Lynches Regional Council of Governments' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison schedules, and the information concerning the Council's pension and OPEB plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Governmental funds - Details of Revenues, Expenditures and Changes in Fund Balances, and the schedule of expenditure of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, supplementary information, and the schedule of expenditure of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2024 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council's internal control over financial reporting and compliance.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
February 1, 2024



SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Santee-Lynches Regional Council of Government's (the Council's) financial performance provides an overview of the Council's financial activities for the fiscal year ended June 30, 2023. The MD&A should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

Overview of the Financial Statements

Under the GASB 34 reporting requirements, there are two basic sets of financial statements in this report:

- the *government-wide statements*, which include the Statement of Net Position and the Statement of Activities found on pages 11 to 12 of the report, and
- the *governmental fund statements*, which include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances found on pages 13 to 16 of the report.

Government-wide Financial Statements

The Government-wide statements report information about the Council as a whole and are designed to provide the reader with a broad overview of the Council's finances in a manner similar to a private sector business.

The *Statement of Net Position* presents a snapshot view of all the assets the Council owns, the liabilities it owes, and the net difference. That net difference, called Net Position, is separated into three amounts—invested in capital assets, restricted, and unrestricted. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Council as a whole is improving or deteriorating. The Statement of Net position includes Deferred Outflows and Inflows of Resources as well as noncurrent liabilities referred to as “Net Pension Liability” and “Net Other Postemployment Benefits Liability”. Those liabilities and related inflows and outflows of resources are reporting elements required by GASB 68 and 75 (discussed later in this report) and relate to post-employment pensions and insurance benefits provided to retirees of the agency.

The *Statement of Activities* presents an overview of the Council's expenses and revenues in a summarized format that assists the reader in determining the extent to which programs are self-supporting and/or subsidized by general revenues. The two general functions that are identified in this statement are:

- General administration – comprised of administrative and indirect costs and local programs not supported by federal or state funds or service contracts, and
- Program administration – comprised of the remaining programs and services of the Council, including the major and non-major programs.

Both of the government-wide financial statements reflect *governmental activities*. These are functions or activities of the Council that are primarily supported by grants and contracts with federal, state and local governments or agencies.

Governmental Fund Statements

In these statements, the major governmental funds – Aging, Workforce, and Housing & Economic Development – are presented in their own columns and the remaining funds are appropriately separated into either the “General Fund” or combined into a column titled “Non-major Governmental Funds”.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The most significant differences between the two sets of statements, the Government-wide Financial Statements and the Governmental Fund Statements, are that 1) the Governmental Fund statements are more closely related to the cash inflows and outflows of the Council; 2) the Governmental Fund statement's balance sheet does not include the GASB 68 or 75 entries. These statements, unlike the Government-wide statements, do not account for non-cash transactions such as depreciation expenses, gain or loss on the disposal of assets, changes in accrued leave payables, or the deferred inflows and outflows of resources and net pension liability. A reconciliation of the Net Change in Fund Balances for the Governmental Funds and the Change in Net Position for the Government-wide activities is provided on pages 14 and 16 of the financial statements.

The financial statements also include Notes to the Financial Statements that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements as well as an explanation of the entries required by implementation of GASB 68 & 75.

Other required supplemental information, found on pages 45 through 48 of the report, includes budgetary comparison schedules for the major governmental funds of the Council.

GASB 68 & 75 Reporting and Its Impact to the Financial Statements

The Government-wide Statement of Net Position includes the required GASB 68 & 75 entries for the current year. The GASB 68 & 75 standards create an accounting liability rather than a legal liability. Although pursuant to accounting standards the Council must report its proportionate share of the pension and postemployment benefits liabilities for the state's defined plans, the Council has no legal requirement to fund or pay out these shares of the liabilities.

In order to provide continuity for management's review of the Council's statements, the following comparison of the Council's Net position includes a separation of the GASB 68 & 75 impacts to the Net Position. Reviewing the change in the Unrestricted Net Position (exclusive of GASB 68 & 75 amounts) provides a clearer picture of the Council's position from year to year.

GASB 87 Reporting

The Council implemented the requirements of GASB 87 for the fiscal year ended June 30, 2022. GASB 87 requires the recognition of certain lease assets and liabilities for leases that were previously treated as operating leases.

GASB 96 Implementation

The Council implemented the requirements of GASB 96, Subscription-Based Information Technology Arrangements, for the fiscal year ended June 30, 2023. GASB 96 requires the recognition of certain subscriptions based on the principal that subscriptions are financings of the right to use an underlying asset and, as a result, the Council is required to recognize a subscription liability and an intangible right-to-use subscription assets. This was previously treated as an operating expense. The Council elected to apply the exemption for recognizing the subscription assets and liabilities, as the noncancellable term is less than 12 months.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**CONDENSED COMPARATIVE FINANCIAL STATEMENTS AND ANALYSIS
OF FINANCIAL POSITION AND RESULTS OF OPERATIONS**

Summary of Statement of Net Position

Governmental Activities: Government-wide Statements

	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>Net change</u>
Current Assets	\$ 5,055,723	\$ 4,149,723	\$ 906,000
Noncurrent Assets	222,786	320,910	(98,124)
Total Assets	<u>5,278,509</u>	<u>4,470,633</u>	<u>807,876</u>
Deferred Outflows of Resources	<u>1,381,119</u>	<u>1,682,897</u>	<u>(301,778)</u>
Current Liabilities	1,141,326	637,213	504,113
Net Pension Liability	2,933,125	2,602,206	330,919
Net Other Postemployment Benefits Liability	2,250,136	3,064,548	(814,412)
Other Long-Term Liabilities	51,477	101,645	(50,168)
Total Liabilities	<u>6,376,064</u>	<u>6,405,612</u>	<u>(29,548)</u>
Deferred Inflows of Resources – Deferred Pension Credits	<u>1,119,280</u>	<u>832,584</u>	<u>286,696</u>
Net Position:			
Net Investment in Capital Assets	59,964	109,397	(49,433)
Restricted	-	-	-
Unrestricted (exclusive of GASB 68 & 75)	4,025,742	3,622,378	403,364
GASB 68 & 75 portions	(4,921,420)	(4,816,441)	(104,979)
Total Net Position	<u>\$ (835,716)</u>	<u>\$ (1,084,666)</u>	<u>\$ 248,950</u>

The snapshot of the *governmental activities'* assets and liabilities above includes the following as required by GASB 68 & 75: Deferred Outflows of Resources, the Net Pension Liability, the Net Other Postemployment Benefits amount and Deferred Inflows of Resources. The GASB 68 & 75 portions of the current year net position, although combined in the financial statements, are separated in the above presentation to allow a comparable review of the Council's Unrestricted Net Position from year to year.

The Unrestricted portion of Net Position (exclusive of GASB 68 and 75) increased by \$403,364, or 11.1%, to \$4,025,742. The GASB 68 & 75 portion of net position increased by 2.2% from the prior year. Overall, there was an increase in Total Net Position of \$248,950.

This negative net position is a result of the recording of the Council's proportionate share of the South Carolina Retirement System's net pension liability and OPEB liability as of June 30, 2023 in the amount of \$2,476,728 and \$2,444,694, respectively

Current Assets increased by \$906,000, or 21.8%, while Current Liabilities increased by \$504,113 from the prior year. A review of current assets and current liabilities reveals the following: the Council's cash position at June 30, 2023 was up 34.9% from the prior year; accounts receivable decreased by 0.3%; and accounts payable increased by 9.3%. Non-current assets, which include a long-term notes receivable and net capital assets, decreased 30.6% from the previous year due to the recognition of depreciation. The long-term notes receivable is slowly being paid down.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Summary of Statement of Activities

Governmental Activities: Government-wide Statements

	6/30/2023	6/30/2022	Net change
Operating grants	\$ 6,655,800	\$ 6,500,844	\$ 154,956
State and Local Appropriations	511,398	341,589	169,809
Gain (loss) on Sale of Other Capital Assets	(394)	26,724	(27,118)
Interest and Other Income	72,441	15,744	56,697
Total Revenues	7,239,246	6,884,901	354,345
General Administration	457,930	525,785	(67,855)
Program Administration	6,532,366	6,428,100	104,266
Total Expenses	6,990,296	6,953,885	36,411
Change in Net Position	248,950	(68,984)	317,934
Net Position - Beginning	(1,084,666)	(1,015,682)	(68,984)
Net Position - End	\$ (835,716)	\$ (1,084,666)	\$ 248,950

Revenues increased from the prior year in all funds except the Housing & Economic Development Fund; total revenues from all sources were up 5.1%. In expenses, there was an overall decrease of 0.5% over the prior year, with the General Fund seeing the most significant decrease and the Non-Major Funds having the biggest increase.

The "Analysis of Balances and Transactions of Individual Funds" that follows provides more specific details of the variances in various programs/funds, both revenues and expenses.

Analysis of Balances and Transactions of Individual Funds

Overall, one of the most significant changes in assets from last year to this year was the increase of \$910,262 (or 34.9%) in cash on hand. About 50% of the additional cash was from grant funds advanced to the Council by the SC Rural Infrastructure Authority (RIA), which is represented on the balance sheet as "unearned revenue". As work is completed on this 4.5-year grant, the Council will recognize earned revenue and reduce the liability. The Council also saw a significant change in assets with a 37.8% decrease in the book value of the Council's physical assets due primarily to depreciation.

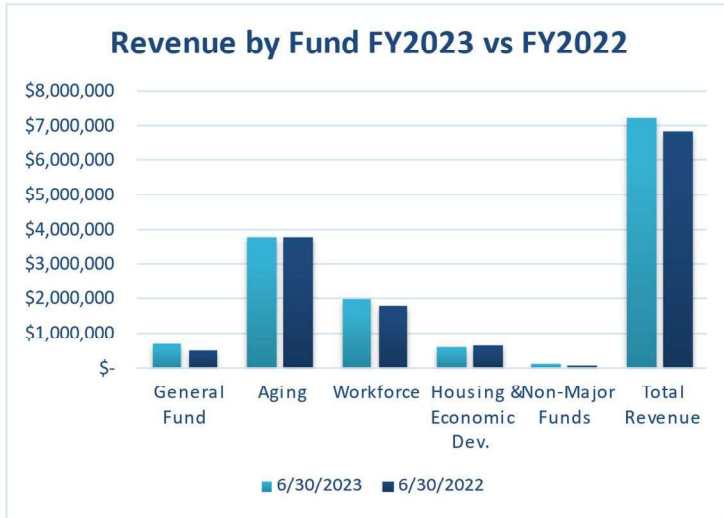
The most significant change in current liabilities from last year to this year was the unearned revenue in the amount of \$460,868 that was previously described.

In the Council's accounting system, local funds used for match purposes are applied as revenue in the accounts they match and are netted against local or state appropriations received. This netting of revenues means there are no cash matching funds shown as expenses. However, in the audited governmental fund statements, revenues and expenses include the required match applied. The total match required this year was \$60,860 (\$41,201 for the Housing and Economic Development Fund and \$19,659 for Non-Major Funds).

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT’S DISCUSSION AND ANALYSIS**

In the General Fund, overall revenue increased 29.1% from the prior year, while expenses decreased 48.5%. Excess Revenues over Expenditures in the General Fund was \$444,969, which was \$396,753 more than the previous year. This was due primarily to an increase in appropriations from the SC General Assembly and higher interest earnings. There was also a consolidation of a few staff positions that led to lower personnel costs and a decrease in training and operating costs.

Within the Aging program, there was an overall 0.25% increase in revenues and a 0.16% increase in total expenses. Overall, Excess Revenues over Expenditures was \$11,822, which is higher than the previous year.



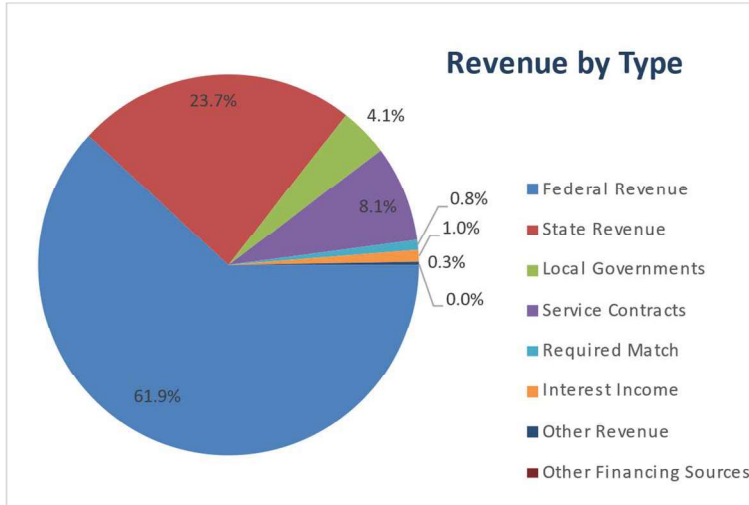
In the Workforce program, revenues were up 10.9% from the prior year due to an increase in discretionary grants awarded. Total expenditures had an insignificant change (-\$293). However, if the amounts from the implementation of GASB 87 in the prior year were not included, the change in expenditures this year would have corresponded to the change in revenue. The Workforce Fund did have a significant increase to accounts receivable of 61% due to the timing of payments received from the granting agency.

Within the Housing and Economic Development programs, revenues decreased by 4.2% from the prior year and expenses decreased by 2.7%. The

decreases in revenue occurred as staff continued to work on CDBG projects that had begun in prior years and reached their maximum reimbursement levels; those revenue decreases were offset only partially by increases in federal revenue earned from the Council’s EDA and HOME grants and higher local match being applied. Personnel and operating costs decreased for this fund, but costs for consulting services and payments to service providers increased, particularly for the HOME program to update that program’s policies and procedures manual and planning documents and to increase service levels. Overall, \$49,198 was transferred from the General Fund to the Housing and Economic Development Fund to supplement revenue earned for administration of the HOME program and CDBG projects.

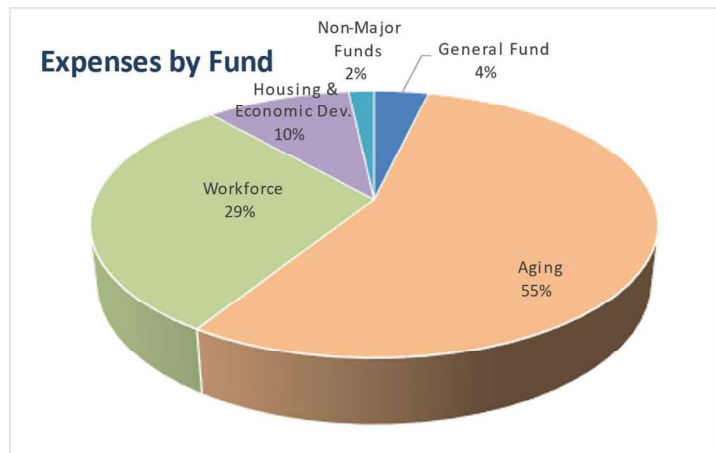
In Non-Major Funds, revenue increased 61% and expenses increased by 64.6%. This was due to an increase in work required for a transportation planning grant (which caused increases to both expenses and revenue earned). Overall, \$3,665 was transferred from the General Fund to Non-Major Funds.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**



General Fund Budget Analysis

Within the Required Supplemental Information section of this report, a budgetary comparison schedule for the General Fund is provided on page 45. When comparing the original and final budgets, personnel costs were decreased in the final budget to reflect a consolidation of a few staff positions. Estimated capital outlay costs were decreased as well as the planned acquisition of new accounting software was deferred to the next fiscal year. Estimates for appropriations from the SC General Assembly and interest income both increased significantly in the final budget.



Actual general fund expenses were lower than the final budgeted amounts by almost \$14,000. Actual general fund revenues exceeded actual expenses by \$444,969, which was higher than budgeted. After accounting for transfers in/out for other funds as well as proceeds from the sale of capital assets, the general fund had a net change in fund balance of \$403,928, which was higher than both the original and final budgets.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Assets and Long-Term Debt Activity

From last year to this year, the net investment in capital assets decreased by \$49,433 or about 45% of the prior year's value due to depreciation. With the implementation of GASB 87 during the previous fiscal year, the Council is showing long-term debt in the amount of \$51,477 at year-end which represents future lease payments due under the current lease agreements. Refer to the notes to the financial statements for more detailed information.

Economic Factors and Next Year's Budget

A significant impact to the budget for fiscal year ending June 30, 2024, and beyond, is the Council's purchase of a building that is intended to serve as its headquarters when the expected major renovations are completed.

The 2020 Census results showed that the Santee-Lynches region had a population decrease in the past ten years. Because many of our grantors factor in population when determining allocation amounts, the Council expects to see future funding decreases in our major program areas, including Workforce and Aging.

Other factors that will impact future budgets and the financial position of the Council include the ever-rising costs of health insurance and retirement benefits for employees.

Requests for Information

This financial report is intended to provide those interested with an overview of the finances of the Council and to demonstrate the Council's accountability for the money it receives. Questions concerning any information within this report may be directed to the Finance Director of Santee-Lynches Regional Council of Governments, 2525 Corporate Way, Suite 200, Sumter, South Carolina 29154.

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government
ASSETS	Governmental Activities
Current assets	
Cash and cash equivalents	\$ 3,520,406
Accounts receivable	1,531,798
Prepaid expenses	1,448
Note receivable	2,071
Total current assets	5,055,723
Noncurrent assets	
Note receivable	61,176
Capital assets:	
Depreciable assets, net of accumulated depreciation/amortization	161,610
Total noncurrent assets	222,786
Total assets	\$ 5,278,509
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	\$ 519,326
Deferred outflows related to other postemployment benefits	861,793
Total deferred outflows of resources	\$ 1,381,119
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	\$ 476,519
Due to HOME program	66,648
Lease liability	50,168
Compensated absences	78,595
Unearned revenue	460,868
Insurance and tax escrow	8,528
Total current liabilities	1,141,326
Noncurrent liabilities	
Lease liabilities	51,477
Net pension liability	2,933,125
Net OPEB liability	2,250,136
Total noncurrent liabilities	5,234,738
Total liabilities	\$ 6,376,064
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	\$ 62,929
Deferred inflows related to other postemployment benefits	1,056,351
Total deferred inflows of resources	\$ 1,119,280
NET POSITION (DEFICIT)	
Net investment in capital assets	\$ 59,964
Unrestricted (deficit)	(895,679)
Total net position (deficit)	\$ (835,716)

See notes to the financial statements

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Total</u>	<u>Primary Government Functions/Programs</u>	
		<u>General Administration</u>	<u>Program Administration</u>
Governmental activities:			
General administration	\$ 358,631	\$ 358,631	\$ -
Program administration	6,532,366	-	6,532,366
Unallocated depreciation/amortization	99,299	99,299	-
Total governmental activities	<u>6,990,296</u>	<u>457,930</u>	<u>6,532,366</u>
Program revenues			
Operating grants and contributions	6,655,800	-	6,655,800
Net program revenue (expense)	<u>(334,496)</u>	<u>\$ (457,930)</u>	<u>\$ 123,434</u>
General revenues			
State revenue	211,050		
Participating local governments	300,348		
Interest income	72,441		
Gain on sale of capital assets	(394)		
Total general revenues	<u>583,445</u>		
Change in net position	248,950		
Net position (deficit), beginning of year	(1,084,666)		
Net position (deficit), end of year	<u><u>\$ (835,716)</u></u>		

See notes to the financial statements

SANTÉE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act Fund	Housing and Economic Development Projects	Non-major Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 3,520,406	\$ -	\$ -	\$ -	\$ -	\$ 3,520,406
Due from other funds	640,572	-	-	71,731	-	712,303
Accounts receivable	57,056	588,734	422,188	407,901	55,919	1,531,798
Prepaid items	1,448	-	-	-	-	1,448
Note receivable	-	-	-	63,247	-	63,247
Total assets	\$ 4,219,482	\$ 588,734	\$ 422,188	\$ 542,880	\$ 55,919	\$ 5,829,202
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued liabilities	\$ 43,415	\$ 290,535	\$ 131,058	\$ 11,497	\$ 16	\$ 476,519
Due to other governments	-	-	-	66,648	-	66,648
Insurance and tax escrow	-	-	-	8,528	-	8,528
Unearned revenue	-	-	-	456,207	4,661	460,868
Due to other funds	71,731	298,199	291,130	-	51,243	712,303
Total liabilities	115,146	588,734	422,188	542,880	55,919	1,724,866
Fund balances						
Nonspendable for prepaid items	1,448	-	-	-	-	1,448
Unassigned	4,102,888	-	-	-	-	4,102,888
Total fund balances	4,104,336	-	-	-	-	4,104,336
Total liabilities and fund balances	\$ 4,219,482	\$ 588,734	\$ 422,188	\$ 542,880	\$ 55,919	\$ 5,829,202

See notes to the financial statements

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET POSITION
JUNE 30, 2023**

Fund Balance of Governmental Funds	\$ 4,104,336
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of depreciation, are not current financial resources and are not included in the governmental funds	161,610
Net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(2,933,125)
Net other postemployment benefits liability	(2,250,136)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	519,326
Deferred outflows of resources related to other postemployment benefits	861,793
Deferred inflows of resources related to pensions	(62,929)
Deferred inflows of resources related to other postemployment benefits	(1,056,351)
Long-term liabilities, including compensated absences and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the government funds	
Compensated absences	(78,595)
Lease liabilities	(101,645)
Net Position of government activities	\$ (835,716)

See notes to the financial statements

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act Fund	Housing and Economic Development Projects	Nonmajor Governmental Funds	
Revenues						
Federal revenue	\$ -	\$ 2,186,560	\$ 1,852,091	\$ 351,989	\$ 88,132	\$ 4,478,773
State revenue	211,050	1,503,176	-	-	4,015	1,718,241
Participating local governments	300,348	-	-	-	-	300,348
Service and special contracts	114,826	100,000	161,311	213,619	-	589,756
Required match	-	-	-	41,201	19,659	60,860
Interest income	72,441	-	-	-	-	72,441
Other revenue	-	30	-	16,207	2,985	19,222
Total revenues	<u>698,665</u>	<u>3,789,766</u>	<u>2,013,401</u>	<u>623,016</u>	<u>114,791</u>	<u>7,239,641</u>
Expenditures						
Current:						
General Administration	253,083	-	-	-	-	253,083
Program administration	-	3,777,188	1,961,201	672,215	118,456	6,529,060
Capital outlays	612	756	-	-	-	1,368
Debt service:						
Principal Repayments	-	-	48,892	-	-	48,892
Interest	-	-	3,308	-	-	3,308
Total expenditures	<u>253,696</u>	<u>3,777,944</u>	<u>2,013,401</u>	<u>672,215</u>	<u>118,456</u>	<u>6,835,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>444,969</u>	<u>11,822</u>	<u>-</u>	<u>(49,198)</u>	<u>(3,665)</u>	<u>403,928</u>
Other financing sources (uses):						
Transfer in	-	-	-	49,198	3,665	52,863
Transfer out	(41,041)	(11,822)	-	-	-	(52,863)
Total other financing sources (uses)	<u>(41,041)</u>	<u>(11,822)</u>	<u>-</u>	<u>49,198</u>	<u>3,665</u>	<u>-</u>
Net change in fund balances	403,928	-	-	-	-	403,928
Fund balances, beginning of year	<u>3,700,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,700,408</u>
Fund balances, end of year	<u>\$ 4,104,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,104,336</u>

See notes to the financial statements

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Net change in Fund Balances - Total Governmental Funds \$ 403,928

Amounts reported for governmental activities in the Statement of Activities differ from the amounts in the Statement of Revenues, Expenditures and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the costs of those assets, including right-to-use leased assets, are allocated over their estimated useful lives as depreciation or amortization expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. These activities are reconciled as follows:

Costs of assets capitalized	1,368	
Depreciation and amortisation expense	(99,299)	(97,931)

In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold. (394)

Governmental funds report pension contributions as expenditures; however, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

Council pension contributions	222,520	
Cost of benefits earned net of employee contributions	(258,303)	(35,783)

Governmental funds report OPEB contributions as expenditures; however, in the Statement of Activities, the cost of OPEB benefits earned net of employee contributions is reported as OPEB expense.

Council OPEB contributions	80,441	
Cost of benefits related to other post employment benefits	(149,639)	(69,198)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the current year principal payments on the Council's outstanding debt for governmental activities. No new debt was issued for the year. 48,892

Compensated absences is measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, the amounts accrued exceeded the amount used for annual leave. (565)

Change in net position for the year ended 30 June 2023	\$ 248,950
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See notes to the financial statements

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Santee-Lynches Regional Council of Governments (the "Council") conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity:

Santee-Lynches Regional Council of Governments was organized on August 6, 1970, under the laws of South Carolina to perform various functions and activities associated with the implementation and administration of the provisions and spirit of the Public Works and Economic Development Act of 1965 Public Law 89-136, as promulgated by the 89th Congress of the United States of America, and all subsequently enacted federal and state legislation related thereto.

The Council is comprised of Clarendon, Kershaw, Lee and Sumter Counties of South Carolina. The Council is governed by 28 representatives of the various counties and municipalities in the area. This Board is appointed and controls the operations and fiscal accountability of the Council. The Council is a separate reporting entity and is not a component unit of any other governmental entity. The Council provides technical assistance to the various county and municipal governments who participate in the Council. The Council serves as an intermediary between the funding source and contract sub-recipients on many projects. The Council provides contract services to the local governments for obtaining and administering grants.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. Based on the following criteria, the Council has determined it is not a component unit of any other organization. Therefore, the Council reports as a primary entity.

The primary entity is financially accountable if it appoints a voting majority of the organization's governing body including situations in which the voting majority consists of the primary entity's officials serving as required by law and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity also may be financially accountable if an organization is fiscally dependent on it even if it does not appoint a voting majority of the board. An organization is fiscally dependent on the primary entity that holds one or more of the following powers: determine its budget without another government's having the authority to approve and modify that budget, levy taxes or set rates or charges without approval by another government, and issue bonded debt without approval by another government.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation:

The accounts of the Council are organized on the basis of governmental funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Statements:

The statement of net position and the statement of activities display information about the Council. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Council's governmental activities. Direct expenses are those that are specifically associated with a program or function, and, therefore, are clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not program revenues are presented as general revenues. The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements:

The fund financial statements provide information about the Council's funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds and aggregated nonmajor funds, each displayed in a separate column. The Council presents all major funds.

The Council reports the following major governmental funds:

General Fund. The General Fund is the government's primary operating fund. It accounts for all financial resources of the Council, except those required to be accounted for in another fund.

The Aging Special Revenue Fund. The Aging Special Revenue fund is used to account for receipts and expenditures of money passed through the South Carolina Department on Aging. These funds are used to promote coordination of aging services in the region.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued):

The Workforce Innovation and Opportunity Act Special Revenue Fund. The Workforce Innovation and Opportunity Act (WIOA) Special Revenue Fund is used to account for the receipts and expenditures of money passed from the United States Department of Labor to the South Carolina Department of Employment and Workforce to provide workforce investment activities that increase employment, retention, earnings, and skills of participants.

The Housing and Economic Development Projects Special Revenue Fund. The Housing and Economic Development Projects Special Revenue Fund is used to account for receipts and expenditures of money passed through the U.S. Department of Housing and Urban Development and U.S. Department of Commerce within the four counties the Council represents. These funds are used to provide for decent, safe, and sanitary housing for the citizens of the Santee-Lynches Region. In addition to housing issues, the funds are used to expand economic opportunities while encouraging a sustainable community living environment.

Additionally, the Council reports the following fund type:

The Non-major Special Revenue Fund. The Non-major Special Revenue Fund is an operating fund which is used to account for the proceeds of specific revenue sources that are legally restricted for specific purposes.

Measurement Focus and Basis of Accounting:

Government-wide Fund Financial Statements:

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Council gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements:

Governmental funds are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary sources susceptible to accrual are investment income and grant revenue.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting (Continued):

Governmental Fund Financial Statements (Continued):

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Payments of general long-term debt and acquisitions under leases are reported as other financing uses. Funds received but not yet earned are reflected as unearned revenues.

Use of Resources:

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, and then unrestricted resources as they are needed.

Budget:

The Council's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2023.

The Council's primary funding source is federal, state, and local grants that have grant periods that may or may not coincide with the Council's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months. Because of the Council's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Council's annual budget differs from that of a local government in two respects: (1) the uncertain nature of grant awards from other entities and (2) conversion of grant budgets to a fiscal year basis.

The resultant annual budget is subject to constant change within the fiscal year due to:

- Increase/decrease in actual grant awards for those estimated;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards that fail to materialize.

The Board of Directors formally approves an annual budget for the Council and also complies with the grant budgets' terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances. Although the annual budget for the Special Revenue Fund is reviewed and approved by the Executive Board, it is not a legally adopted budget.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Indirect Cost Allocation:

Cost allocations made by the council are in accordance with the guidelines of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Subpart E – Cost Principles. These guidelines provide that allowable indirect costs are identified and accumulated in an indirect cost pool and distributed to applicable federal, state and local grant activities and programs based upon an appropriate actual indirect cost allocation methodology. Certain employee benefits are accumulated in a fringe benefit cost pool and allocated to grant projects as a percentage of labor costs, referred to as release time. In accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Subpart E – Cost Principles, the cost allocations are subject to subsequent federal audit or review.

Cash and Cash Equivalents:

The Council maintains cash and pooled investments that are available for use by all funds. Cash includes cash on hand, demand deposits, and short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable:

Accounts receivable consists of amounts due from the Federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Council's grants and contracts.

Capital Assets:

The Council accounts for capital asset purchases by recording acquisitions at cost or estimated historical cost. Donated assets are recorded at their estimated acquisition value at the date of donation. Right-of-use leased assets are recorded at the estimated cost of the entire lease term at the date of contract inception. The Council capitalizes moveable personal property with a unit value greater than or equal to \$500 and a useful life in excess of one year. Routine repairs and maintenance are charged to expenses / expenditures in the year in which the expense was incurred. Capital assets are depreciated over their estimated useful lives using the straight-line method of depreciation. Right-of-use leased assets are amortized over the total contract term, including reasonably likely extension periods, using the straight-line method of amortization. Useful lives of the Council's capital assets are as follows:

Equipment and furniture	3 – 7 years
Motor vehicles	5 years
Buildings	3 – 15 years

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualify for reporting in this category for outflows related to pensions and other postemployment benefits (OPEB). The outflows related to pensions and OPEB are described in Notes 8 and 12.

Deferred inflows of resources represent acquisition of net position that is applicable to a future period. Changes in net pension and net OPEB liabilities not included in expenses are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and net OPEB liabilities are reported as deferred outflows of resources and will be recognized as a reduction of the liability in the subsequent measurement period. The inflows related to pensions and OPEB are described in Notes 8 and 12.

Compensated Absences:

The Council allows employees to accrue vacation leave at a rate of one-half day to two and one-half days for each month actively employed with the Council, depending on length of service. After sixteen years of service, employees are allowed to accrue vacation leave at a rate of two and one-half days for each month actively employed. Council employees can carryover from year-to-year annual leave up to fifteen to forty days for subsequent use or for payment upon termination, death or retirement based on length of service. Upon termination, employees are entitled to receive no more than seventeen to forty-two days of accrued annual leave, depending on length of service. Employees are not entitled to be paid for unused sick leave upon termination.

Deferred Compensation Agreement:

The Council offers its employees a voluntary deferred compensation plan structured and operated according to provisions of Internal Revenue Code Section 457. The plan is administered by an agency of the State of South Carolina and the Council makes no contributions on behalf of the participants. The Council's liability is limited to remitting amounts deferred and withheld from the employee's wages to the Plan administrator.

Operating Transfers:

Operating transfers are distributions of local cash resources to grant projects requiring local cash match in accordance with the terms and conditions of grant contracts and or to absorb any deficit in any grant project. Local funds are derived from Council dues paid by member governments and state aid funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables:

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet.

Leases:

The Council is a lessee for a noncancellable lease of real property. The Council recognizes a lease liability and an intangible right-of-use leased asset in the government-wide financial statements. The Council recognizes lease liabilities and leased assets in accordance with its capitalization policy.

At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term.

Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The Council uses the interest rate utilized by similar organizations. Since the interest rate charged by the lessor is not provided and the Council does not have its own incremental borrowing rate, the Council generally uses the incremental borrowing rate of similar organizations as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and an extension option that the Council is reasonably certain to exercise.

The Council monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

In the statement of net position, lease assets are reported with other capital assets and lease liabilities are reported with other long-term liabilities as amounts due within one year and amounts due in more than one year.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-based Information Technology Arrangements:

The Council is a lessee for IT software subscriptions. The Council recognizes a subscription liability and a subscription asset in the government-wide financial statements. The Council recognizes Subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Council initially measures the subscription liability at the present value of payments expected to be paid during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the asset or the subscription term.

Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments:

- The Council uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Council generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The subscription term includes the noncancellable period of the lease. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option prices that the Council is reasonably certain to exercise.

The Council monitors changes in circumstances that would require a remeasurement of its subscription liabilities and will remeasure the subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liabilities.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the South Carolina Retirement System ("SCRS") and additions to/deductions from SCRS' fiduciary net position have been determined on the same basis as they are reported by SCRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Postemployment Benefits Other than Pensions (“OPEB”):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (“SCRHITF”) and additions to/deductions from the SCRHITF’s fiduciary net position have been determined on the accrual basis of accounting as they are reported by the SCRHITF in accordance with generally accepted accounting principles (“GAAP”). For this purpose, revenues are recognized when earned and expenses and benefits are recognized when incurred. Claims liabilities are reported when it is probable that a loss has occurred and the amount can be reasonably estimated. Investments are reported at fair value.

Non-exchange Transactions:

The Council generally has two types of non-exchange transactions, government-mandated non-exchange transactions (which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose) and voluntary non-exchange transactions (which result from legislative or contractual agreements other than exchanges, entered into willingly by the parties to the agreement). The Council recognizes non-exchange transactions when they are both measurable and probable for collection. For government-mandated non-exchange transactions and voluntary non-exchange transactions, the Council recognized assets when all applicable eligibility requirements are met, or resources are received, whichever is first, and revenue when all applicable eligibility requirements are met.

Net Position/Fund Balances:

The Council’s net position in the government-wide financial statements are classified as follows:

Net Investment in Capital Assets. This represents the Council’s total investment in capital assets, net of accumulated depreciation, reduced by the Council’s outstanding lease liability.

Restricted. This category represents resources in which the Council is legally or contractually obligated by external parties such as lenders, grantors, contributors or by laws or regulations to spend in accordance with the restrictions imposed.

Unrestricted. Unrestricted net position consist of all other assets not included in the above categories.

The Council’s policy for applying expenses that can use both restricted and unrestricted resources is designated to the program administrative level. General practice is to first apply the expense to the restricted resource then to unrestricted resources.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the governmental fund financial statements, the Council's fund balances are classified as follows:

Nonspendable Fund Balance. Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

Restricted Fund Balance. Represents amounts that are (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) are imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Represents amounts that can only be used by for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

Assigned Fund Balance. Amounts are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed.

Unassigned Fund Balance. Represents the fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, the Council's general practice is to first reduce committed resources, followed by assigned resources, and then unassigned resources.

Income Taxes:

The Council has received a determination letter from the Internal Revenue Service (IRS) indicating it is a tax-exempt organization under Section 501(c)(4) of the IRS Code and is subject to federal income tax only on unrelated business income.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2. CASH AND CASH EQUIVALENTS

Cash Equivalents and Deposits

Cash and cash equivalents at June 30, 2023, consists of

Demand deposits	\$ 1,667,596
Cash on hand	105
Local Government Investment Pool	1,852,705
Total cash and cash equivalents	\$ 3,520,406

Deposits with financial institutions include bank demand deposits.

Credit risk:

South Carolina statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the South Carolina Local Government Investment Pool ("LGIP"), obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The Council has no investment policy that would further restrict its choices.

At June 30, 2023, the Council had the following investments that are classified as cash equivalents:

Investment Type	Fair Value	Investment Maturities (in Years) Less Than 1
SC Local Government Investment Pool	\$ 1,852,705	\$ 1,852,705

The LGIP is an investment mechanism authorized by the South Carolina State Legislature and is not registered with the SEC as an investment company. There is no regulatory oversight of the pool. The pool's primary objective is to acquire maximum returns on investments by pooling available funds with funds from other political subdivisions. The total fair value of the investment pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1. Investments in the pool are stated at fair value, which approximates cost. The LGIP is an investment pool, which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Council does not disclose investment in the LGIP within the fair value hierarchy. At June 30, 2023, the underlying security ratings of the Council's investment in the LGIP is classified in risk category "A" and may be obtained from the LGIP's complete financial statements by writing to the following address

Office of the State Treasurer
Local Government Investment Pool
Post Office Box 11778
Columbia, South Carolina 29211

Custodial Credit Risk:

Custodial credit risk is the risk that in the event of a bank failure, the Council's cash equivalents and deposits may not be returned to the Council. At year-end, all of the Council's deposits were secured by depository insurance or collateralized as required by State statutes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3. NOTE RECEIVABLE

In February 2004, the Council loaned an individual \$84,803 to purchase a home through a grant given by the U.S. Department of Housing & Urban Development (HOME Investment Partnerships Program). The loan is to be repaid to the Council over 30 years with a monthly payment of \$242, including 1% interest. As the money is repaid, it is to be used to fund additional HOME eligible projects within Clarendon County. The outstanding balance of the receivable at June 30, 2023, was \$63,247. The individual has struggled to make payments on the note, however, the Council and individual have come to an agreement on monthly payments of that the individual is able to make. The Council is certain that all outstanding moneys will be collected. Maturities of principal payments due from the borrower are as follows for the years ending June 30:

2024	\$	2,071
2025		1,990
2026		1,990
2027		1,990
2028		1,990
2029 and thereafter		53,216
Total	\$	<u>63,247</u>

The amount due to HOME program of an amount of \$66,648 will be repaid once the note receivable balance is settled.

NOTE 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	Balance			Balance
	June 30, 2022	Additions	Retirements	June 30, 2023
Capital assets being depreciated/amortized				
Buildings and improvements	\$ 18,461	\$ -	\$ -	\$ 18,461
Equipment and improvements	520,696	1,369	(42,730)	479,335
Vehicles	71,724	-	-	71,724
Right-to-use lease asset (building)	198,611	-	-	198,611
Total capital assets being depreciated / amortized	<u>809,492</u>	<u>1,369</u>	<u>(42,730)</u>	<u>768,131</u>
Less accumulated depreciation/amortization				
Buildings and improvements	(14,182)	(389)	-	(14,571)
Equipment and improvements	(439,423)	(44,168)	42,336	(441,255)
Vehicles	(47,314)	(6,103)	-	(53,417)
Right-to-use lease asset (building)	(48,639)	(48,639)	-	(97,278)
Total accumulated depreciation / amortization	<u>(549,558)</u>	<u>(99,299)</u>	<u>42,336</u>	<u>(606,521)</u>
Total capital assets and right-to-use assets,	<u>\$ 259,934</u>	<u>\$ (97,930)</u>	<u>\$ (394)</u>	<u>\$ 161,610</u>

Depreciation and amortization expense of \$99,299 was unallocated in the primary government.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities is as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 78,030	\$ 87,086	\$ (86,521)	\$ 78,595	\$ 78,595
Lease payable	150,537	-	(48,892)	101,645	50,168
Net pension liability	2,602,205	330,920	-	2,933,125	-
Net OPEB liability	3,064,548	-	(814,412)	2,250,136	-
	<u>\$ 5,895,320</u>	<u>\$ 418,006</u>	<u>\$ (949,825)</u>	<u>\$ 5,363,501</u>	<u>\$ 128,763</u>

For the governmental activities, compensated absences, the net pension liability, and the net OPEB liability are generally liquidated by the General Fund.

Lease Payable

In July 2021, the Council entered into a noncancelable lease for office space for monthly payments of \$4,350. Annual payments of principal and interest at 2.85% are due monthly until the end of the agreement on June 1, 2025. Debt service to maturity on the Council's outstanding lease is as follows:

Year ending June 30,	Principal	Interest	Total
2024	\$ 50,168	\$ 2,032	\$ 52,200
2025	51,477	723	52,200
Total	<u>\$ 101,645</u>	<u>\$ 2,755</u>	<u>\$ 104,400</u>

NOTE 6. RELATED PARTY TRANSACTIONS

Member Local Government Dues:

All member governments are required to pay dues to the Council. Dues are determined annually and are recognized as revenues when assessed because they are measurable and are collectible within the current period. Dues for the year were \$290,348.

Related Party:

Santee-Lynches Regional Development Corporation (the "Corporation") is a nonprofit civic and social welfare organization which was created by the Board of Directors of the Council and incorporated in the State of South Carolina on April 15, 1983. The basic financial statements and activity for this related, separately chartered legal entity have not been included in the accompanying basic financial statements since the Corporation does not meet the definition of a component unit.

The Corporation made payments to the Council under an agreement that provided accounting and support services to the Corporation. The amount the Corporation paid the Council for services were \$67,946 for the year ended June 30, 2023. The Corporation owed the Council \$11,089 as of June 30, 2023, for services provided.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7. CONTINGENCIES

The Council participates in certain federal and state grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

NOTE 8. EMPLOYEE RETIREMENT PLAN

South Carolina Retirement System:

Plan Description:

The Council participates in retirement plans under authorization of Title 9 of the SC Code of Laws, State of South Carolina which covers a majority of the Council's full-time employees. The South Carolina Public Employee Benefit Authority ("PEBA"), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the systems and the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems. PEBA issues an Annual Comprehensive Financial Report ("ACFR") containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds. The ACFR is publicly available on the Retirement Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the ACFR of the state.

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions.

Membership:

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System:

Benefits:

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees of their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

Contributions:

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the Board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the Board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent. For the year ended June 30, 2023, the Council contributed \$238,587 to the SCRS plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System:

Required employee contribution rates for fiscal year 2022 - 2023 are as follows:

Employee Class Two	9.00% of earnable compensation
Employee Class Three	9.00% of earnable compensation

Required employer contribution rates for fiscal year 2022 - 2023 are as follows:

Employee Class Two	17.41% of earnable compensation
Employee Class Three	17.41% of earnable compensation
Employer Incidental Death Benefit	0.15% of earnable compensation

Actuarial Assumptions:

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2023:

	<u>SRCS</u>
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment rate of return	7.00 %, including inflation
Projected salary increases	3.00 % to 11.00 %
Benefits adjustments	Lesser of 1% or \$500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of the scale NMP projected from the year 2020. Assumptions used in the determination of the June 30, 2022, TPL are as follows:

<u>Former Job Class</u>	<u>Males</u>	<u>Females</u>
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System:

Net Pension Liability:

The Council's proportionate share of the net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. The Council's proportionate share of NPL totals, as of June 30, 2023, for SCRS are presented below:

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SRCS	\$ 6,830,531	\$ 3,897,406	\$ 2,933,125	57.10%

The pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2023, the Council reported a liability of \$2,933,125 for its proportionate share of the net pension liability. The Council's proportion of the net pension liability was based on a projection of the Council's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022 (the measurement date), the Council's proportion was 0.012099 percent, which was an increase of 0.000075 percent from its proportion measured as of June 30, 2022 (the measurement date).

For the year ended June 30, 2023, the Council recognized pension expense of \$258,303.

Long-term Expected Rate of Return:

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table on the following page.

For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	12.0%		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
		Total expected real return	4.79%
		Inflation for actuarial purposes	2.25%
		Total expected nominal return	7.04%

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8. EMPLOYEE RETIREMENT PLAN (CONTINUED)

South Carolina Retirement System:

Discount Rate:

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis:

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7 percent, as well as what the Council's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	\$ 3,760,628	\$ 2,933,125	\$ 2,245,164

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 25,483	\$ 12,782
Changes in assumptions	94,072	-
Net difference between projected and actual earnings on pension plan investments	4,524	-
Changes in proportions and differences between council contributions and proportionate share of contributions	172,727	50,147
Direct contributions subsequent to the measurement date	222,520	-
Totals	\$ 519,326	\$ 62,929

The contributions of \$222,520, reported as deferred outflows of resources related to pensions resulting from Council contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	
2024	\$ 103,397
2025	119,813
2026	(65,826)
2027	76,493
	\$ 233,877

Pension Plan Fiduciary Net Position:

Detailed information regarding the fiduciary net position of the plans administered by PEBA is available in the Systems' audited financial statements for the fiscal year ended June 30, 2022, (including the unmodified audit opinion on the financial statements). Additional actuarial information is available in the accounting and financial reporting actuarial valuation as of June 30, 2023.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9. INTERFUND ACTIVITY

Interfund Balances:

The Council's General Fund and Special Revenue Funds have advanced money between the funds to finance operations and supplement other fund sources. The repayment terms are indefinite and are dependent upon future receipts. The advance is between governmental funds and is, therefore, not reflected in the Statement of Net Position.

Receivable fund	Payable fund	Amount
General fund	Aging fund	\$ 298,199
	Workforce Innovation and Opportunity Act Fund	291,130
General fund	Other Non-major Governmental Funds	51,243
Housing and Economic Development Projects Fund	General fund	71,731
Total		\$ 712,303

Interfund Transfers:

The following summarizes interfund transfers for the fiscal year ending June 30, 2023:

Transfer to	Transfer from	Amount
General fund	Aging fund	\$ 11,822
Housing and Economic Development Projects Fund	General fund	49,198
Other Non-major Governmental Funds	General fund	3,665
Total		\$ 64,685

The transfers between the General and Special Revenue Funds were made to meet grant matching requirements and/or to absorb deficits, if any, in any grant programs.

NOTE 10. FUND BALANCE RESERVATIONS AND DESIGNATIONS

The Council uses the following governmental fund balance accounts:

Nonspendable for prepaid items. An account used to segregate a portion of fund balance to indicate prepaid items are "not in spendable form" even though it is a component of current assets.

Restricted. An account used to segregate a portion of fund balance restricted for the net investment in capital assets.

Unassigned. This represents and includes all spendable amounts of the General Fund not contained in the other classifications.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council pays an annual premium to a private insurer for its insurance coverage.

There were no significant reductions in insurance coverage from the previous year and no settlements have exceeded insurance coverage for the past three years ended June 30, 2023, 2022, and 2021.

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description:

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides postemployment health and dental benefits to retired State and school district employees and their covered dependents. The South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") was created to fund and account for the employer costs of the State's retiree health and dental plans. In accordance with Act 195 of 2008, the SCRHITF is administered by the South Carolina Public Employee Benefit Authority ("PEBA"), Insurance Benefits, and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee. The SCRHITF is a cost-sharing multiple-employer defined benefit OPEB plan. Article 5 of the State Code of Laws defines the plan and authorizes the Trustee to at any time adjust the plan, including its benefits and contributions, as necessary, to ensure the fiscal stability of the plan. The State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the SCRHITF.

Benefits Provided:

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Contributions:

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2023, was 6.25 percent. Council's contributions to the OPEB plan for the year ending June 30, 2023, were \$79,882, applicable to the surcharge included with the employer contribution for retirement benefits.

Other contributions to the SCRHITF include State appropriations and mandatory transfers of cash reserves accumulated in the employee insurance program operating accounts. The Council's portion of contributions in 2022 from these non-employer contributing entities was \$5,485, which is reported by the Council as State operating grants revenue for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expenses, and Deferred Outflows Of Resources and Deferred Inflows Of Resources Related to OPEB:

At June 30, 2023, the Council reported a liability of \$2,250,136 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021. The total OPEB liability was rolled-forward from the valuation date to the plan's fiscal year end, June 30, 2022, using generally accepted actuarial principles. The Council's proportion of the net OPEB liability was based on the Council's share of contributions to the OPEB plan relative to the contributions of all participating entities. At June 30, 2022 and 2021 (the measurement dates), the Council's proportion was 0.014792% and 0.014717%, respectively.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

For the year ended June 30, 2023, the Council recognized OPEB expense of \$140,846. At June 30, 2023, the Council reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences between expected and actual experience	\$ 48,296	\$ 197,850
Net difference between projected and actual earnings on OPEB plan investments	17,692	-
Changes in proportions and differences between council contributions and proportionate share of contributions	208,016	135,205
Changes in plan assumptions	507,348	723,296
Council contributions subsequent to the measurement date	80,441	-
Totals	\$ 861,793	\$ 1,056,351

The \$80,441 reported as deferred outflows of resources related to OPEB resulting from the Council's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ending June 30:		
2024	\$	(45,695)
2025		(22,030)
2026		(13,515)
2027		(16,015)
2028		(53,018)
Thereafter		(124,726)
Total	\$	(274,999)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Assumptions and Methods:

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The discount rate changed from 1.92% as of June 30, 2021, to 3.69% as of June 30, 2022.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2023:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.69% as of June 30, 2022
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality Assumptions	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale MP-2019 to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rates	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Participation Assumptions	79% participation for retirees who are eligible for Funded Premiums 59% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Aging Factors	Based on plan specific experience
Expenses	The investment return assumption is net of the investment expenses. Administrative expenses related to the health care benefits are included in the age-adjusted claims costs

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. The expected return, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rate of return by the target allocation percentage and adding expected inflation.

This information is summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate	Allocation-weighted Long-term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected inflation			2.25%
Total			3.08%
Investment Return Assumption			2.75%

Discount Rate:

The Single Discount Rate of 3.69% was used to measure the total OPEB liability. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent). In addition, the plan does not intend to ever use a Single Discount Rate which is less than the municipal bond rate.

Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate:

The following table presents the Council's proportionate share of the net OPEB liability using the single discount rate of 3.69%, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1.00 percent lower (2.69 percent) or 1.00 percent higher (4.69 percent) than the current rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Net OPEB liability	\$ 2,660,269	\$ 2,250,136	\$ 1,920,538

Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following table presents the Council's proportionate share of the net OPEB liability calculated using the assumed rates, as well as what the Council's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1.00 percent lower or 1.00 percent higher:

	1% Decrease (2.69%)	Current Healthcare Cost Trend Rate Assumption (3.69%)	1% Increase (4.69%)
Net OPEB liability	\$ 1,850,517	\$ 2,250,136	\$ 2,716,712

OPEB Plan Fiduciary Net Position:

PEBA issues an ACFR containing financial statements and required supplementary information for the OPEB Trust Fund. The ACFR is publicly available through the Insurance Benefits' link on PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to:

South Carolina Public Employee Benefit Authority
Insurance Benefits
202 Arbor Lake Drive
Columbia, South Carolina 29223

PEBA is considered a division of the primary government of the state of South Carolina and, therefore, the OPEB trust fund financial information is also included in the ACFR of the state.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13. INSURANCE POOL

The Council is a participant of the South Carolina Insurance Reserve Fund (SCIRF), which is a cooperative group of governmental entities joining together to finance insurance exposure, liability and risk. As required by GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the Council's risks covered within this pool are property (both building and personal), data processing equipment, business interruption, builder's risk, inland marine, torts, and automobile. The SCIRF does not cover risks associated with a whistle-blowers action, breaches of contract, debt guarantees of others, property tax appeals, automobile/aircraft/watercraft in excess of 26 feet in length, liability from pre-arranged speed contest, pollution liability (except sudden and accidental), war, workers compensation bodily injury to fellow employees and professional liability of medical practitioners and architects.

The Council expended \$36,370 during the year ended June 30, 2023, for coverage through the SCIRF. For all covered risks, the transfer of risk culminates upon filing of a claim. Consequently, for items not covered, the Council's separately purchased policies bear the risk up to policy maximums. At June 30, 2023, there were no liabilities which exceeded the coverage available through the SCIRF and separately purchased carriers.

NOTE 14. EXCESS EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2023, a number of budgetary departments exceeded appropriated amounts as shown in the budgetary comparison statement for the General Fund, Aging Fund, Housing and Economic Development Projects Fund, and Workforce Innovation and Opportunity Act Fund. The Council was able to generate additional income to offset the current fiscal year's excess expenditures. The following departments had expenditures in the General Fund, Aging Fund, Housing and Economic Development Projects Fund, and Workforce Innovation and Opportunity Act Fund and that exceeded budgeted amounts as indicated in the Council's budgetary schedules included in the required supplementary information section.

	Budget	Actual	Actual (Over) Budget
General Fund:			
Direct personnel costs	\$ 546,690	\$ 557,332	\$ (10,642)
Indirect cost allocations	\$ (623,409)	\$ (607,814)	\$ (15,596)
Travel, Training and Meetings	32,431	37,645	(5,214)
Aging Special Revenue Fund:			
Operations and maintenance	80,600	90,040	(9,440)
Workforce Innovation and Opportunity Act Special Revenue Fund:			
Travel, Training and Meetings	7,875	8,040	(165)
Payments to service providers	1,149,694	1,156,678	(6,984)
Debt Service Principal	-	48,892	(48,892)
Debt Service Interest	-	3,308	(3,308)
Housing and Economic Development Projects Special Revenue Fund:			
Consulting and services	64,246	73,473	(9,227)
Payments to service providers	\$ 2,858	\$ 61,732	\$ (58,874)

REQUIRED SUPPLEMENTARY INFORMATION

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Council's proportion share of the net pension liability	0.012099%	0.012024%	0.010625%	0.011523%	0.012004%
Council's proportionate share of the net pension liability	\$ 2,933,125	\$ 2,602,206	\$ 2,714,993	\$ 2,631,154	\$ 2,689,775
Council's covered payroll	\$ 1,278,113	\$ 1,453,910	\$ 1,372,464	\$ 1,196,954	\$ 1,229,448
Council's proportionate share of the net pension liability as a percentage of its covered payroll	229.49%	178.98%	197.82%	219.82%	218.78%
Plan fiduciary as a percentage of the total pension liability	57.10%	60.70%	50.70%	54.40%	54.10%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Council's proportion share of the net pension liability	0.012116%	0.012463%	0.014015%	0.014307%	0.014307%
Council's proportionate share of the net pension liability	\$ 2,727,506	\$ 2,662,078	\$ 2,658,012	\$ 2,463,191	\$ 2,566,165
Council's covered payroll	\$ 1,257,889	\$ 1,238,539	\$ 1,223,454	\$ 1,332,381	\$ 1,319,301
Council's proportionate share of the net pension liability as a percentage of its covered payroll	216.83%	214.94%	217.25%	184.87%	194.51%
Plan fiduciary as a percentage of the total pension liability	53.30%	52.91%	56.99%	59.92%	56.39%

The Council implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S CONTRIBUTIONS - PENSION
LAST TEN FISCAL YEARS**

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 222,520	\$ 238,587	\$ 211,496	\$ 184,451	\$ 177,164
Contributions in relation to the contractually required contribution	\$ (222,520)	\$ (238,587)	\$ (211,496)	\$ (184,451)	\$ (177,164)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,278,113	\$ 1,453,910	\$ 1,372,464	\$ 1,196,954	\$ 1,229,447
Contributions as a percentage of covered payroll	17.41%	16.41%	15.41%	15.41%	14.41%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 168,683	\$ 141,318	\$ 133,479	\$ 143,231	\$ 137,867
Contributions in relation to the contractually required contribution	\$ (168,683)	\$ (141,318)	\$ (133,479)	\$ (143,231)	\$ (137,867)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Council's covered payroll	\$ 1,257,889	\$ 1,238,539	\$ 1,223,454	\$ 1,332,381	\$ 1,319,301
Contributions as a percentage of covered payroll	13.41%	11.41%	10.91%	10.75%	10.45%

The Council implemented GASB Statement 68 and GASB Statement 71 with the fiscal year beginning July 1, 2014

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST SEVEN FISCAL YEARS**

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Council's proportion of the net OPEB liability (%)	0.014792%	0.014717%	0.012985%	0.014058%
Council's proportion of the net OPEB liability (\$)	\$ 2,250,136	\$ 3,064,548	\$ 2,343,980	\$ 2,125,784
Council's covered-employee payroll	\$ 1,278,113	\$ 1,453,910	\$ 1,372,464	\$ 1,196,954
Council's proportion of the net OPEB liability as a percentage of its covered payroll	176.05%	210.78%	170.79%	177.60%
Plan fiduciary net position as a percentage of the total OPEB liability	9.64%	7.48%	8.39%	8.44%
<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Council's proportion of the net OPEB liability (%)	0.014586%	0.014687%	0.014687%	
Council's proportion of the net OPEB liability (\$)	\$ 2,066,922	\$ 1,989,330	\$ 2,125,008	
Council's covered-employee payroll	\$ 1,229,447	\$ 1,257,889	\$ 1,238,539	
Council's proportion of the net OPEB liability as a percentage of its covered payroll	168.12%	158.15%	171.57%	
Plan fiduciary net position as a percentage of the total OPEB liability	7.91%	7.60%	6.62%	

The Council implemented GASB Statement 75 with the fiscal year beginning July 1, 2017

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Council will present information for those years for which information is available.

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COUNCIL'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST EIGHT FISCAL YEARS**

<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 80,441	\$ 91,346	\$ 85,779	\$ 74,246
Contributions in relation to the contractually required contribution	\$ (80,441)	\$ (91,346)	\$ (85,779)	\$ (74,246)
Contribution deficiency (excess)	-	-	-	-
Council's covered-employee payroll	\$ 1,278,113	\$ 1,453,910	\$ 1,372,464	\$ 1,196,954
Contributions as a percentage of covered-employee payroll	6.29%	6.28%	6.25%	6.20%
<u>SOUTH CAROLINA RETIREMENT SYSTEM</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 74,514	\$ 69,184	\$ 66,014	\$ 65,210
Contributions in relation to the contractually required contribution	\$ (74,514)	\$ (69,184)	\$ (66,014)	\$ (65,210)
Contribution deficiency (excess)	-	-	-	-
Council's covered-employee payroll	\$ 1,229,447	\$ 1,257,889	\$ 1,238,539	\$ 1,223,454
Contributions as a percentage of covered-employee payroll	6.06%	5.50%	5.33%	5.33%

The Council implemented GASB Statement 75 with the fiscal year beginning July 1, 2017

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Council will present information for those years for which information is available

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ -	\$ 18,000	\$ -	\$ (18,000)
State revenue	39,693	211,050	211,050	-
Participating local governments	290,347	300,347	300,348	1
Service and special contracts	52,500	88,335	114,826	26,491
Interest income	2,211	60,940	72,441	11,501
Other revenue	3,000	-	-	-
Total revenues	<u>387,751</u>	<u>678,672</u>	<u>698,665</u>	<u>19,993</u>
Expenditures				
Direct Personnel Costs	720,246	546,690	557,332	(10,642)
Indirect Cost Allocations	(792,416)	(623,409)	(607,814)	(15,596)
Operating Costs	222,509	199,618	173,983	25,635
Travel, Training and Meetings	76,496	32,431	37,645	(5,214)
Consulting	37,225	35,628	31,077	4,551
Applied as match	51,250	63,442	60,860	2,582
Capital Outlays	74,000	13,244	612	12,632
Total expenditures	<u>389,310</u>	<u>267,643</u>	<u>253,696</u>	<u>13,947</u>
Excess (deficiency) of revenues over (under) expenditures	(1,559)	411,029	444,969	33,940
Other Financing (Uses)				
Transfer in	7,666	-	-	-
Transfer out	-	(65,797)	(41,041)	24,756
Total other financing (uses)	<u>7,666</u>	<u>(65,797)</u>	<u>(41,041)</u>	<u>24,756</u>
Net change in fund balance	6,107	345,232	403,928	58,696
Fund balance at beginning of year	<u>3,593,697</u>	<u>3,627,078</u>	<u>3,700,408</u>	<u>73,330</u>
Fund balance at end of year	<u>\$ 3,599,804</u>	<u>\$ 3,972,310</u>	<u>\$ 4,104,336</u>	<u>\$ 132,026</u>

Actual Direct Personnel Costs and Travel, Training and Meeting expenses exceeded the budget by \$10,642 and \$5,214 respectively, however, this was compensated for by indirect cost allocations.

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - AGING SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ 3,514,074	\$ 2,299,289	\$ 2,186,560	\$ (112,729)
State revenue	1,434,136	1,622,338	1,503,176	(119,162)
Service and special contracts	100,000	100,000	100,000	-
Other revenue	-	30	30	-
Total revenues	<u>5,048,210</u>	<u>4,021,657</u>	<u>3,789,766</u>	<u>(231,891)</u>
Expenditures				
Direct personnel costs	686,124	667,382	626,048	41,334
Indirect cost allocations	366,943	292,129	284,931	7,198
Operations and maintenance	50,307	80,600	90,040	(9,440)
Travel, training and meetings	15,898	20,501	7,182	13,319
Consulting and services	70,000	73,395	57,796	15,599
Payments to service providers	3,849,961	2,882,519	2,711,192	171,327
Capital outlays	-	756	756	-
Total expenditures	<u>5,039,233</u>	<u>4,017,282</u>	<u>3,777,944</u>	<u>239,338</u>
Excess (deficiency) of revenues over (under) expenditures	8,977	4,375	11,822	7,447
Other Financing (Uses)				
Transfer out	(8,977)	(4,375)	(11,822)	(7,447)
Total other financing (uses)	<u>(8,977)</u>	<u>(4,375)</u>	<u>(11,822)</u>	<u>(7,447)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Actual Operations and Maintenance expenses exceeded the budget by \$9,440.

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - WORKFORCE INNOVATION AND OPPORTUNITY ACT FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ 1,570,754	\$ 1,876,427	\$ 1,852,091	\$ (24,336)
Service and special contracts	162,200	165,791	161,311	(4,480)
Total revenues	<u>1,732,954</u>	<u>2,042,218</u>	<u>2,013,401</u>	<u>(28,816)</u>
Expenditures				
Direct personnel costs	361,988	329,360	309,716	19,644
Indirect cost allocations	193,593	144,169	140,923	3,246
Operations and maintenance	235,776	234,140	176,261	57,879
Travel, training and meetings	7,836	7,875	8,040	(165)
Consulting and services	176,500	176,980	169,582	7,397
Payments to service providers	757,261	1,149,694	1,156,678	(6,984)
Debt Service Principal	-	-	48,892	(48,892)
Debt Service Interest	-	-	3,308	(3,308)
Total expenditures	<u>1,732,954</u>	<u>2,042,218</u>	<u>2,013,401</u>	<u>28,816</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Actual Travel, Training and Meeting expenses exceeded the budget by \$165. Actual Debt Service Principal and Debt Service Interest expenses exceeded the budget by \$48,892 and \$3,308 respectively, however, these expenses relate to the recognition and subsequent accounting of lease liabilities under GASB 87.

See notes to the required supplementary information

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - HOUSING AND ECONOMIC
DEVELOPMENT PROJECTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Federal revenue	\$ 515,533	\$ 381,764	\$ 351,989	\$ (29,775)
Service and special contracts	165,453	152,279	213,619	61,340
Required match	30,000	43,140	41,201	(1,939)
Other revenue	3,300	3,200	16,207	13,007
Total revenues	<u>714,286</u>	<u>580,383</u>	<u>623,016</u>	<u>42,633</u>
Expenditures				
Direct personnel costs	359,599	361,330	328,628	32,702
Indirect cost allocations	192,316	158,163	148,837	9,326
Operations and maintenance	52,654	59,836	55,662	4,174
Travel, training and meetings	2,213	4,123	3,882	241
Consulting and services	14,333	64,246	73,473	(9,227)
Payments to service providers	93,500	2,858	61,732	(58,874)
Total expenditures	<u>714,615</u>	<u>650,556</u>	<u>672,215</u>	<u>(21,659)</u>
Excess (deficiency) of revenues over (under) expenditures	(329)	(70,173)	(49,198)	20,975
Other Financing (Uses)				
Transfer in	329	70,173	49,198	(20,975)
Total other financing (uses)	<u>329</u>	<u>70,173</u>	<u>49,198</u>	<u>(20,975)</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Actual Payments to Service Providers expenses exceeded the budget by \$58,874 due to the HOME program which updated its policies and procedures manual and planning documents.

See notes to the required supplementary information

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

A. General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of Santee-Lynches Regional Council of Governments (the "Council") for the year ended June 30, 2023. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. Basis of Accounting

The accompanying Schedule includes federal grant activity of the Council under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in conformity with the requirements of Title 2 U.S. *Code of Federal Requirements* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present financial position or changes in net position.

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Relationship to Basic Financial Statements

Federal award expenditures are reported in the Council's basic financial statements as expenditures in the General Fund and special revenue funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E. Indirect Cost

The Council uses an appropriate actual indirect cost allocation methodology for its federal programs and did not use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance and covered in 2 CFR Part 200.414.

**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE 1 - GOVERNMENTAL FUNDS - DETAIL OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds					Total
	General	Aging	Workforce Innovation and Opportunity Act	Housing and Economic Development Projects	Nonmajor Governmental Funds	
Revenues						
Federal revenue	\$ -	\$ 2,186,560	\$ 1,852,091	\$ 351,989	\$ 88,132	\$ 4,478,773
State revenue	211,050	1,503,176	-	-	4,015	1,718,241
Participating local governments	300,348	-	-	-	-	300,348
Service and special contracts	114,826	100,000	161,311	213,619	-	589,756
Required match	-	-	-	41,201	19,659	60,860
Interest income	72,441	-	-	-	-	72,441
Other revenue	-	30	-	16,207	2,985	19,222
Total revenues	698,665	3,789,766	2,013,401	623,016	114,791	7,239,641
Expenditures						
Direct personnel costs	557,332	626,048	309,716	328,628	72,128	1,893,852
Indirect cost allocations	(607,814)	284,931	140,923	148,837	33,123	-
Operations and maintenance	173,983	90,040	176,261	55,662	11,989	507,936
Travel, training and meetings	37,645	7,182	8,040	3,882	420	57,169
Consulting and services	31,077	57,796	169,583	73,473	796	332,725
Payments to service providers	-	2,711,192	1,156,678	61,732	-	3,929,602
Debt Service Principal	-	-	48,892	-	-	48,892
Debt Service Interest	-	-	3,308	-	-	3,308
Applied as match	60,860	-	-	-	-	60,860
Capital outlays	612	756	-	-	-	1,368
Total expenditures	253,696	3,777,944	2,013,402	672,215	118,456	6,835,713
Excess (deficiency) of revenues over (under) expenditures	444,969	11,822	-	(49,198)	(3,665)	403,928
Other financing sources (uses):						
Transfer in	-	-	-	49,198	3,665	52,863
Transfer out	(41,041)	(11,822)	-	-	-	(52,863)
Total other financing sources (uses)	(41,041)	(11,822)	-	49,198	3,665	-
Net change in fund balances	403,928	-	-	-	-	403,928
Fund balances, beginning of year	3,700,408	-	-	-	-	3,700,408
Fund balances, end of year	\$ 4,104,336	\$ -	\$ -	\$ -	\$ -	\$ 4,104,336

See notes to the required supplementary information

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Santee-Lynches Regional Council of Governments
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Santee-Lynches Regional Council of Governments (the "Council"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated February 1, 2024. Our report includes a reference to the change in accounting principal resulting from the implementation of Governmental Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements* (SBITA's).

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
February 1, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors
Santee-Lynches Regional Council of Governments
Columbia, South Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santee-Lynches Regional Council of Governments (the "Council") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2023. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CKH CPAs and Advisors, LLC

CKH CPA's and Advisors, LLC
Atlanta, Georgia
February 1, 2024



**SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor Number	Federal Expenditures	Passed through to Subrecipients
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES				
Passed through SC Department on Aging				
<i>Aging Cluster:</i>				
COVID-19 COVID Vaccine Grant - Services (CVAC)	93.044	2101SCVAC5	\$ 40,000	\$ -
COVID-19 ARP: III-B - Supportive Services (CSSC621)	93.044	2101SCSSC6	2,386	-
COVID-19 ARP: III-B - P & A (CSSC621)	93.044	2101SCSSC6	21,632	-
Title III-B - P & A (SIIIB22)	93.044	2201SCOASS	182	-
Title III-B - P & A (SIIIB23)	93.044	2301SCOASS	62,797	-
Title III-B - Ombudsman (SIIIB22)	93.044	2201SCOASS	64,754	-
Title III-B - Ombudsman (SIIIB23)	93.044	2301SCOASS	34,831	-
Title III-B - Assessment Services (SIIIB22)	93.044	2201SCOASS	35,801	-
Title III-B - Assessment Services (SIIIB23)	93.044	2301SCOASS	81,828	-
Title III-B Information & Assist (service salaries) (SIIIB22)	93.044	2201SCOASS	31,949	-
Title III-B Information & Assist (service salaries) (SIIIB23)	93.044	2301SCOASS	38,764	-
Title III-B - Legal Services (SIIIB22)	93.044	2201SCOASS	15,954	-
Title III-B - Legal Services (SIIIB23)	93.044	2301SCOASS	11,923	-
Title III-B - Supportive Services (SIIIB22)	93.044	2201SCOASS	119,500	-
Title III-B - Supportive Services (SIIIB23)	93.044	2301SCOASS	173,567	-
COVID-19 ARP: III-C-1 - Group Dining (SCMC621)	93.045	2101SCCMC6	17,904	-
COVID-19 ARP: III-C-2 - Home Delivered Meals (SCDC621)	93.045	2101SCHDC6	42,536	-
Title III-C-1 - P & A (IIIC122)	93.045	2201SCOACM	268	-
Title III-C-1 - P & A (IIIC123)	93.045	2301SCOACM	22,446	-
Title III-C-2 - P & A (IIIC222)	93.045	2201SCOAHM	23,278	-
Title III-C-2 - P & A (IIIC223)	93.045	2301SCOAHM	482	-
Title III-C-1 - Group Dining (IIIC121)	93.045	2101SCOACM	39,013	-
Title III-C-1 - Group Dining (IIIC122)	93.045	2201SCOACM	66,460	-
Title III-C-1 - Group Dining (IIIC123)	93.045	2301SCOACM	125,334	-
Title III-C-2 - Home Delivered Meals (IIIC222)	93.045	2201SCOAHM	64,259	-
Title III-C-2 - Home Delivered Meals (IIIC223)	93.045	2301SCOAHM	380,568	-
NSIP (SNSIP22)	93.053	2201SCOANS	39,511	-
NSIP (SNSIP23)	93.053	2301SCOANS	62,463	-
<i>Total Aging Cluster:</i>			1,620,392	-
Passed through SC Department on Aging				
<i>Other:</i>				
Title VII - Ombudsman (OMBUD22)	93.042	2201SCOAOM	18,507	-
Title VII - Ombudsman (OMBUD23)	93.042	2301SCOAOM	10,891	-
<i>Subtotal</i>			29,398	-
Title III-D Evidence-Based Wellness Programs (SIIID20)	93.043	2001SCOAPH	8,366	-
Title III-D Evidence-Based Wellness Programs (SIIID21)	93.043	2101SCOAPH	13,043	-
Title III-D Evidence-Based Wellness Programs (SIIID22)	93.043	2201SCOAPH	20,701	-
<i>Subtotal</i>			42,110	-
COVID-19 ARP: III-E Family Caregiver Services (SFCC621)	93.052	2101SCFCC6	77,573	-
COVID-19 ARP: III-E - P & A (SFCC621)	93.052	2101SCFCC6	1,014	-
Title III-E - P & A (SIIIE22)	93.052	2201SCOAFM	88	-
Title III-E - P & A (SIIIE23)	93.052	2301SCOAFM	11,790	-
Title III-E Family Caregiver (service salaries) (SIIIE22)	93.052	2201SCOAFM	60,373	-
Title III-E Family Caregiver (service salaries) (SIIIE23)	93.052	2301SCOAFM	47,167	-
Title III-E Family Caregiver Services (SIIIE22)	93.052	2201SCOAFM	82,448	-
Title III-E Family Caregiver Services (SIIIE23)	93.052	2301SCOAFM	87,420	-
Title III-E Family Caregiver Services - SRC (SIIIE22)	93.052	2201SCOAFM	8,783	-
Title III-E Family Caregiver Services - SRC (SIIIE23)	93.052	2301SCOAFM	6,413	-
<i>Subtotal</i>			\$ 383,069	\$ -

See notes to the Schedule of Expenditures of Federal Awards

Continued (next page)

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Pass-through Grantor Number	Federal Expenditures	Passed through to Subrecipients
CONTINUED				
MIPPA Grant 2001SCMIAA (L0601MPAAA23)	93.071	2201SCMIAA	\$ 17,989	\$ -
MIPPA Grant 2001SCMISH (L0601MIPPA23)	93.071	2201SCMISH	14,564	-
<i>Subtotal</i>			32,553	-
HCFAC18 Grant #90MPPG0007-05-00 (L0601HCFAC18)	93.048	90MPPG0007	32,781	-
SHIAP Grant #90SAPG0110-03-00 (L0601SHIAP20)	93.324	90SAPG0110	45,315	-
SC Prime Advocate Program (PRIME21)	93.634	1J1CMS331789	533	-
COVID-19 ARP LTCOP (Ombudsman)	93.747	2101SCLOC6	408	-
<i>Subtotal</i>			79,038	-
<i>Total:</i>				
Total U.S. Department of Health & Human Services			2,186,560	-
U.S. DEPARTMENT OF COMMERCE				
Direct programs				
Economic Development Administration	11.302	ED22ATL3020009	96,136	-
Passed Through SC Office of Regulatory Staff				
Broadband Equity Access and Deployment (BEAD) Program	11.035	45-20-B156	4,000	-
Passed Through SC Department of Administration				
State Digital Equity Planning Grant Program	11.032	45-30-DP358	339	-
Total U.S. Department of Commerce			100,475	-
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT				
Passed Through Sumter County				
HOME - Federal (Administrative)	14.239	M21DC450206	20,431	-
HOME - Federal (Administrative)	14.239	M22DC450206	82,981	-
HOME - Federal (Administrative)	14.239	M23DC450206	14,850	-
COVID-19 HOME ARP - Federal (Administrative)	14.239	M21DP450206	22,965	-
HOME - Federal (Projects)	14.239	M16DC450206	6,931	6,931
HOME - Federal (Projects)	14.239	M17DC450206	7,582	-
HOME - Federal (Projects)	14.239	M18DC450206	56,319	51,069
Total U.S. Department of Housing & Urban Development			212,060	58,000
U.S. DEPARTMENT OF LABOR				
Passed Through SC Department of Employment and Workforce				
<i>WIOA Cluster:</i>				
WIOA Adult Program - Admin PY 21	17.258	* 21A010	10,561	-
WIOA Adult Program - Program PY 21	17.258	* 21A010	146,734	72,998
WIOA Adult Program - Admin PY 22	17.258	* 22A010	18,645	-
WIOA Adult Program - Program PY 22	17.258	* 22A010	304,282	270,515
WIOA Adult Program - Adult/DW Engage, Build, and Serve Grant	17.258	* 22EBA10	146,900	140,552
WIOA Youth Activities - Admin PY 21	17.259	* 21Y010	5,201	-
WIOA Youth Activities - Program PY 21	17.259	* 21Y010	145,491	126,915
WIOA Youth Activities - Youth Engage, Build, and Serve Grant	17.259	* 22EBY10	8,096	6,819
WIOA Youth Activities - Admin PY 22	17.259	* 22Y010	10,802	-
WIOA Youth Activities - Program PY 22	17.259	* 22Y010	301,009	211,259
WIOA Dislocated Worker - Incumbent Worker Training PY 20	17.278	* 20IWT10	547	3,582
WIOA Dislocated Worker Formula Grants - Admin PY 21	17.278	* 21DW010	8,610	-
WIOA Dislocated Worker Formula Grants - Program PY 21	17.278	* 21DW010	71,290	8,095
WIOA Dislocated Worker - Adult/DW LWDA Resiliency Grant	17.278	* 21LRA10	299,649	252,769
WIOA Dislocated Worker Formula Grants - Admin PY 22	17.278	* 22DW010	15,792	-
WIOA Dislocated Worker Formula Grants - Program PY 22	17.278	* 22DW010	358,482	62,974
Total U.S. Department of Labor			\$ 1,852,091	\$ 1,156,478

See notes to the Schedule of Expenditures of Federal Awards

Continued (next page)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	Assistance Listing Number	Pass-through Grantor Number	Federal Expenditures	Passed through to Subrecipients
CONTINUED				
U.S. DEPARTMENT OF TRANSPORTATION (FTA)				
Passed Through SC Department of Transportation Division of Planning - Federal Highway Funds State Planning and Research Funds (SPR)	20.205		\$ 78,636	\$ -
Total U.S. Department of Transportation			<u>78,636</u>	<u>-</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed Through SC Department of Health and Environmental Control Water Quality Management Planning	66.454	EQ-2-311	1,538	-
Water Quality Management Planning	66.454	EQ-3-489	3,619	-
Total U.S. Environmental Protection Agency			<u>5,157</u>	<u>-</u>
U.S. DEPARTMENT OF TREASURY				
Passed Through SC Rural Infrastructure Authority COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		43,793	-
Total U.S. Department of Treasury			<u>43,793</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,478,773</u>	<u>\$ 1,214,478</u>
* Audited as major program			<u>\$ 1,852,091</u>	<u>\$ 1,156,478</u>

See notes to the Schedule of Expenditures of Federal Awards

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS FOR THE YEAR ENDED JUNE 30, 2023

A. General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of Santee-Lynches Regional Council of Governments (the "Council") for the year ended June 30, 2023. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B. Basis of Accounting

The accompanying Schedule includes federal grant activity of the Council under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in conformity with the requirements of Title 2 U.S. *Code of Federal Requirements* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present financial position or changes in net position.

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. Relationship to Basic Financial Statements

Federal award expenditures are reported in the Council's basic financial statements as expenditures in the General Fund and special revenue funds.

D. Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E. Indirect Cost

The Council uses an appropriate actual indirect cost allocation methodology for its federal programs and did not use the 10% de Minimis indirect cost rate as allowed under the Uniform Guidance and covered in 2 CFR Part 200.414.

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2023

I. Summary of Auditor's Results:

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?

Yes No

Significant deficiency(ies) identified?

Yes None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

Assistance Listing Number

17.258, 17.259, 17.278

Name of Federal Program or Cluster

US Department of Labor – Workforce Investment and Opportunity Act Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Santee-Lynches Regional Council of Governments qualifies as a low-risk auditee?

Yes No

II. Findings 2023 Financial Statement Audit

None Reported

III. Findings and Questioned Costs for Federal Awards

None Reported

SANTEE-LYNCHES REGIONAL COUNCIL OF GOVERNMENTS

SCHEDULE OF PRIOR AUDIT

**FINDINGS YEAR ENDED
JUNE 30, 2023**

There were no prior audit findings.